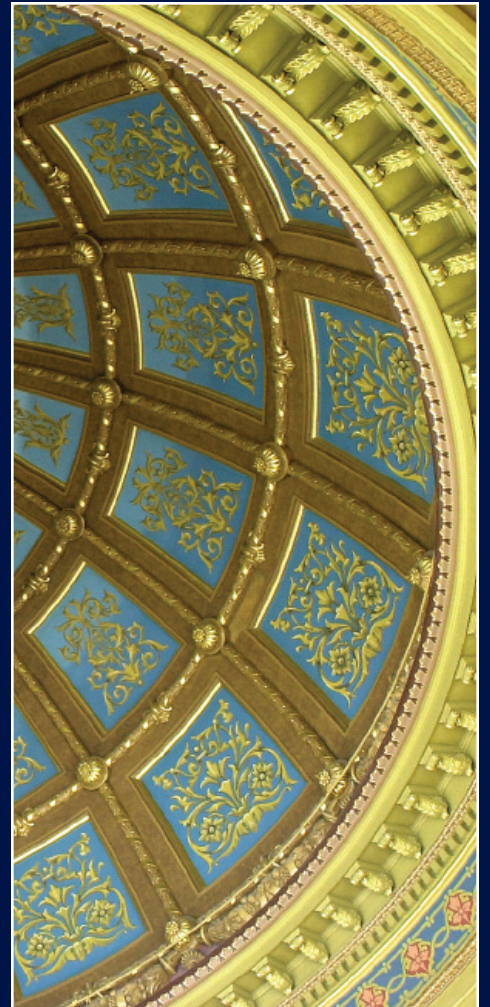


# SENATE REPUBLICAN PLAN TO FIX MICHIGAN



2009 Legislative Agenda

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Dear fellow Michigan residents,

The hard working taxpayers of Michigan, and citizens across the rest of the United States, are weary of the status quo. They have lost patience with inefficient government, at any level, that seems incapable of solving problems.

People want a government that gets things done and then gets out of the way. Elected officials are stewards of the public trust, and they have a staggering list of challenges facing them during this era of great economic uncertainty.

Amidst these real difficulties there is an opportunity for meaningful change. After years of one-time fixes and temporary solutions, the day of reckoning has finally arrived. Senate Republicans have repeatedly pushed for reforms and enhanced accountability in state government.

Now is the time to enact them. Michigan's budget must be trimmed to reflect the realities of a new century. The state can no longer afford the bloated government that was built in our economic heyday. We must make tough decisions and set real priorities, not just patch the outdated system so it can stagger through another turbulent year.

We need to make Michigan competitive again and remove the obstacles put in the path of our job providers. Our tax system is a burden that is devastating our small businesses – the very engine of our economy.

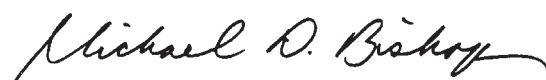
In 2009 and beyond, Senate Republicans have four main goals:

- Work with job providers to put Michigan back to work.
- Work to ensure financial and personal security for our state and its residents - keeping families in their homes.
- Work with communities to develop neighborhood schools that will ensure our children have every tool, advantage and training necessary to succeed in this global economy.
- Work to protect our environment and our greatest natural resource - The Great Lakes and our fresh water.

By moving on these four major policy initiatives, we will create a new era of opportunity for Michigan families. Our children deserve a chance at an excellent quality of life. As stewards of the public trust, we must help them prepare for the jobs of tomorrow while safeguarding the resources they will need to prosper. If we fail to act, Michigan will continue to lose the best and the brightest as the next generation hits the road and takes its talents elsewhere.

We can turn things around. In the following pages, Senate Republicans outline a sensible, realistic plan to help put Michigan back on the right track. It's time we fix Michigan and here's our comprehensive plan to get it done.

Sincerely,



Michael D. Bishop  
Senator Majority Leader

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# SENATE REPUBLICAN 2009 AGENDA PRIORITIES

## ATTRACTING AND RETAINING MICHIGAN JOB PROVIDERS

### Elimination of MBT Surcharge

Senate Republicans sent a message this year to Michigan job providers to let them know how important they are to re-energizing our state's economy. We encouraged them to keep their businesses here with our recent passage of a bill to eliminate the onerous Michigan Business Tax surcharge.

Senate Bill 1 phases out the 21.99 percent MBT surcharge over a two-year period — cutting the surcharge by half to 11 percent in 2009 and eliminating it by 2010.

Job providers across the state are suffering due to the burdensome MBT surcharge. Since tax burden leads directly to unemployment, reducing the surcharge will help improve Michigan's economy and create jobs.

When the surcharge was created in October 2007 Michigan's unemployment rate was 7.5 percent. Today's unemployment rate stands at 10.6 percent, a full 47 percent above the national average of 7.2 percent.

The Senate passed the measure to repeal the surcharge last session, but the House Tax Policy Committee failed to even consider it. Senate Republicans urge their colleagues in the House of Representatives to take immediate action and quickly pass this crucial piece of legislation.

### Workforce Training

With our state's unemployment rate nearly 50 percent higher than the rest of the country, we must do everything we can to help put people back to work and facilitate job creation. Michigan has been in a one-state recession for the past six years and our state's economy is undergoing a change that is fundamental and long lasting. As this process plays out, the need to have a trained and capable workforce will grow and remain a top consideration for employers and entrepreneurs deciding where they want to locate.

Currently, Michigan largely relies on federal dollars for workforce training. We have gotten much more than other states over the last several years because of our one-state recession but that will change as conditions deteriorate nationally. Federal funds are traditionally focused on the hard-to-place person, not the average individual who has lost his or her job due to fundamental changes in the economy or who is entering the workforce for the first time. Much of this state's existing job training efforts are directed through traditional programs such as the Governor's No Worker Left Behind program.



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Last session, Senate Republicans passed legislation that focused on a new approach to training for new jobs using the community college system. This legislation is modeled on successful programs in other states and employs a unique financing mechanism to deliver training programs that are narrowly focused and meet specific employer needs. This innovative approach will help retain existing jobs as employers transform and modernize their operations to be competitive in today's global economy.

Another Senate Republican initiative from last session provides state support for universities working to transfer technology to private sector job providers. This legislation was introduced to force the administration to pursue this goal as it had neglected this area in the past. We will continue to take full advantage of our state's universities and leverage the intellectual capital that they possess to create jobs in Michigan.

The caucus will also explore creating a new structure and process independent of the Michigan Strategic Fund to encourage tech transfer and job creation. New incentives will also be considered to encourage and support commercialization of new technologies here in Michigan. Combined with the implementation and development of new workforce training funding mechanisms and approaches such as the legislation described above, we will have the workforce available to fill these jobs right here in Michigan.

Community colleges are likely the best resource available to train and retrain workers. Just as the universities have assets that need to be leveraged, so do the community colleges. They will likely be the principal vehicle for our efforts to modernize our workforce, and it is very important that they are part of this discussion and process as we seek tailored solutions to our state's economic challenges. Senate Republicans will continue to work towards innovative, flexible and responsive solutions to our state's job training needs but always with the clear understanding that job training is not an end in and of itself.

## **Health Care Reforms**

### **Affordable, Accessible Health Care**

Currently, Michigan is home to an estimated 1.1 million residents who do not have health insurance, which is equal to 11.5 percent of the state's population. This number is likely to increase unless the economy improves.

Michigan Senate Republicans understand many residents are afraid that they may not be able to afford health insurance. In the last legislative session we tried to address these concerns before they became an issue for the people of Michigan, but unfortunately, the House did not agree.

To tackle this growing healthcare problem, the Senate Republicans last session introduced legislation designed to provide affordable, basic health care coverage options to Michigan residents. Additionally, it included measures to help people lead healthier lives, contain the growth of health care costs, improve the health of those on Medicaid, and control Medicaid health care costs in the long-run. Unfortunately, the bipartisan Senate effort was ignored by the House.

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## **Medicaid Reforms**

Senate Republicans last session enacted a measure that requires the Department of Community Health to implement healthy behavior incentives and provider pay-for-performance measures in the Medicaid program. The federal government Centers for Medicare and Medicaid Services has not yet approved the waiver. We call upon the governor to act as an advocate for the state of Michigan and bring affordable health care options to the neediest individuals in this state by fighting to get this waiver approved. Funds have been appropriated for this program, but they sit idle in the budget as the state waits for approval of the waiver. If the governor is serious about providing healthcare to the people of Michigan, she should be relentless in her efforts to finalize this waiver.

Senate Republicans will not be deterred by the inaction of the House regarding this matter or the failure of the governor to obtain a much needed Medicaid waiver. Instead, in the coming session, Senate Republicans will engage in groundbreaking efforts to develop a package that will make insurance more affordable and accessible for the people of Michigan. Our focus will be on getting people the health insurance that they need so they can live healthy and well.

We will also address the cost of Medicaid to the state. Currently the Medicaid budget consumes a majority of the Department of Community Health budget. If we do not act soon to reform the Medicaid system, we may not be able to afford to cover those who desperately need health care but cannot afford it.

Senate Republicans are going to continually push for reforms to the Medicaid system so that it becomes more cost-efficient, and everyone who is entitled to benefits receives the benefits they deserve. We will look intensely at the efficiency of the Medicaid system and focus on reforms that improve the delivery of Medicaid benefits. We have at our disposal 21st century technology; it is time that we use it to deliver benefits to the people of the 21st century. If we can improve efficiency and reduce processing errors, then we are one-step closer to tackling the structural problems present in the Medicaid system.

## **Eliminate Bureaucracy and Make Michigan a “One-Stop Shop” for Business**

Senate Republicans will continue to do everything to make our state a leader in the nation for job growth. One of the most important factors a business considers when deciding where to locate or expand its operations is the time, cost, and ease of compliance associated with a state’s regulatory climate.

Senate Republicans will continue our fight to eliminate bureaucracy and make Michigan an inviting place to do business. We will work with job providers to reform the regulatory structure in Michigan and to put pressure on the administration when the actions of a department are costing us precious jobs.

We have worked with industry stakeholders to identify areas in the current regulatory system that are holding Michigan back and negatively impacting our competitiveness when compared to other states. This approach and its need were identified in the Governor’s Emergency Financial Advisory Panel report issued in 2007. While the administration has met for most of 2008 to evaluate the automation of licensing and permitting systems, no steps have been taken to date to enact change.

Senate Republicans will introduce a package of bills in the coming months to substantively improve

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Michigan's business climate by establishing transparency, timeliness, and consistency in regulatory decision-making, as well as leveling the playing field for our job providers.

**The package will:**

- Prohibit rules more stringent than federal requirements unless specifically authorized by law;
- Allow licensed professionals in the private sector to review permit applications while government will review the evaluation and make a timely decision based only on the information provided;
- Create a business ombudsman so that job providers have somewhere to turn if they are treated unfairly by government;
- Ensure that government does not use its inspection power to target without cause or harass job providers;
- Require government to examine programs, permitting and licensing processes, and other regulatory requirements relative to requirements in other states to improve Michigan's business climate;
- Require that before new rules are considered, government must show why they are necessary;
- Require a cost/benefit analysis to ensure the benefits of a rule outweigh the costs; and
- Prohibit promulgation of a Michigan-only, mandatory ergonomic rule.

We hope to work with the administration to implement these ideas, as well as the creation and implementation of a one-stop, Internet-based portal for Michigan job providers.

## **An Agenda for Strong Schools**

Senate Republicans firmly believe that the success of our great state will depend almost entirely on whether Michigan has the kind of education system that provides our children and future generations with the skills to succeed in the fiercely competitive and ever-evolving global economy. Literally and figuratively, we simply cannot afford an education model that has grown out of a 20th century industrial and agrarian society. Just as we must diversify our economy, we must challenge ourselves to innovate and to create a diverse and comprehensive approach to educating our children. We are focused and committed to a long-range plan to build strong schools that reflects a dynamic, efficient and high-performance 21st century learning environment.

### **1. Detroit Public Schools/First Class Status**

The state has a special opportunity to help the struggling students of Detroit. The school district has lost more than 10,000 students each year in the last three years, largely due to dissatisfied and frustrated parents and students. Many of these students have gone to other school districts and to charter schools.

Detroit is no longer a first class school district. This means two community colleges are able to authorize charter schools within the district. This is a wonderful opportunity not only for Detroit students to receive the individualized attention and curriculum they deserve, but also for Detroit Public Schools to come to the plate and improve its offerings.

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The Senate, with a resolution, began the process which has now resulted in the governor appointing a new financial manager for the district. We will do all we can in the Senate to support him in his mission. Once the district is on solid financial ground, it will make it easier for school officials to concentrate on what really matters — the academic performance of the students.

## **2. Neighborhood Public Schools**

We will soon introduce an innovative proposal aimed at giving parents and educators more flexibility and choice in how their children are educated. Legislators on both sides of the aisle have expressed interest in developing a wide variety of public schools from which students and parents can choose. We look forward to working with the governor, our colleagues in the House, parents, students, and others who want to ensure that the quality of education in Michigan is first rate.

## **3. Teacher Training**

Research shows teacher quality is the number one factor that influences student performance. We need to focus on improving teacher quality in several areas. A 2007 report released by the National Council on Teacher Quality recommended the following:

- Require more preparation of middle school teachers in the subject they teach.
- Increase teacher evaluations.
- Require college students to demonstrate basic skills before entering a teacher preparation program.
- Establish stronger alternative routes to certification with more accountability.
- Reform merit pay.
- Grant permanent tenure only after a teacher has been teaching for five years.
- Judge the quality of teacher preparation programs by the quality of the teachers who graduate from their institution.
- Require teachers to earn more credits in math and science.
- Test teachers in how to impart knowledge.
- Test teacher candidates as to their knowledge of the science of teaching reading.

Such reform would go a long way toward ensuring our students are gaining the knowledge they need to keep up with students from other nations and compete in this global economy.

## **Protecting Our Water and Our Natural Resources: Green Michigan Initiative**

Michigan's natural resources are one of the state's most valuable assets. It is imperative that they be preserved and protected. Senate Republicans will continue our strong leadership role in protecting our water and our environment.

Efforts to conserve Michigan's natural resources are not new for Senate Republicans. For more than five years, we have been leading the way to develop proactive legislation to protect the Great Lakes, promote alternative energy, and expand recycling in Michigan.

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## **Streamlining State Decision Making for a True Conservation Program**

Michigan has a proud natural resources management heritage that has been cast astray with unwieldy state bureaucracy that attempts to make natural resource management a business. We can reform our Department of Environmental Quality and Department of Natural Resources organizational structure to eliminate one complete agency and all the trappings while restoring a focus on true conservation policy. Senate Republicans will reorganize state government to focus on maintaining a healthy, vibrant, and accessible natural resource base.

## **Continuing Our 7-year Mission to Protect Our Great Lakes**

Senate Republicans laid out an aggressive 66-point plan to protect our Great Lakes years ago in the Great Lakes Conservation Task Force Report of 2002, and we have achieved over two-thirds of that plan. Recent Great Lakes protection plans announced by the lieutenant governor merely build on the work of Senate Republicans. One of the most significant recommendations of that task force report that still remains unmet is the implementation of a statewide inspection program for septic tanks. Failing septic tanks are one of the state's most serious water quality problems.

## **Ensuring Full and Fair Implementation of Michigan's Water Withdrawal Assessment Program While Protecting Private Property Rights**

Senate Republicans will conduct oversight hearings to ensure that our recent water withdrawal laws are fully and fairly implemented despite the governor's significant cuts to this program. We remain committed to protecting the integrity of our water resources program that is science-based and protects the rights of individual citizens to the use of their waters. We will resist all attempts to let state government fully dictate the use of our waters.

## **Keeping People in Their Homes — Housing Economic Stimulus Package**

Senate Republicans will take action to ensure families are not taxed out of their homes in these tough economic times.

Property values in Michigan have declined steadily over the past two years. Most homeowners have seen the values of their homes drop 15 percent to 25 percent. Property taxes, however, have actually increased over the same period.

We will lead the charge to fix the constitutional provision that allows property taxes to increase while the value of your home decreases.

Senate Republicans recognize that as our economy continues to slump and families continue to struggle, our Economic Stimulus Plan will be a needed shot in the arm to stimulate home sales, as well as put more money back into homeowners' pockets through significant tax breaks. Our plan to help homeowners will:



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- Create an income tax credit equal to the amount of increased property taxes for Michigan taxpayers who purchase a home within the next 33 months.
  - Increase the Homestead Property Tax Credit from \$1,200 to \$1,300.
  - Raise the income thresholds by \$10,000.

Under the Senate Republican Plan, home buyers will see immediate relief from a jumpstart in Michigan's sluggish housing market. The plan also provides substantial income tax relief for individuals. In many cases, the vast majority of people purchasing homes under this plan will have their income tax liability completely eliminated. There will be no negative impact to local governments and School Aid funding. Tax relief is delivered through an income tax credit — not directly through the property tax.

### **Making Neighborhoods Safe — Corrections and Judicial**

Senate Republicans served on a bipartisan workgroup comprised of members of the governor's administration, the House, and the Council of State Governments (CSG) Justice Center to determine how the state might reduce corrections spending while reinvesting in measures that will make communities safer and stronger. The workgroup produced a bipartisan package of policy options that gives Michigan a real chance to achieve needed cost savings and prevents crime at the same time. The CSG Justice Center findings were a result of a rigorous, one-year analysis of the state's prison and parole population, re-incarceration and re-arrest rates, and other crime data. Given Michigan's current fiscal crisis, we must continue to look for savings through corrections reforms. Findings from the CSG Justice Center's report included the following:

- Rates of violent crime in Michigan declined just 2 percent between 2000 and 2007; arrests for violent crimes, however, declined 22 percent during the same 7-year period.
- Fifty percent of people on probation supervision and 50 to 70 percent of people on parole are unemployed.
- People released from prison in 2007 had served, on average, 127 percent of their court-imposed minimum sentence before being placed on community supervision.

The CSG Justice Center delivered a package of policy options for the state's consideration, which include ensuring that most offenders (except for those with statutory maximum life sentences) serve 100 to 120 percent of their court-imposed minimum sentence. The Justice Center estimated that enacting this and other options could generate \$262 million in savings from FY2011–2015. To successfully reduce corrections spending and increase public safety, the report describes some substantial upfront and sustained reinvestments of a portion of the projected savings. Options that the CSG Justice Center presented for potentially reducing crime included the following:

- Provide support to local law enforcement to deploy targeted crime-fighting strategies.
- Reduce the state's crime lab backlogs to address the delays in processing evidence and facilitate prosecutions.
- Respond to probation violations with swift, certain, and proportional sanctions.
- Expand employment services for high-risk probationers and parolees.

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Michigan has the highest violent crime rate in the region. Increasing public safety must be our number one goal, and the Justice Center findings reiterate the need to reinvest savings in strategies that will reduce crime and victimization.

### **Stopping Partial-Birth Abortion**

Senate Republicans are committed to defending those who cannot defend themselves and being a voice for those who cannot speak. We value the life of every person, and that includes the lives of the unborn. We will again attempt to stop the merciless practice of partial-birth abortion. Despite repeated attempts by the governor to let this practice continue, we have been persistent in our pursuit to protect the lives of the unborn. We will continue to lead the charge to protect every life, whether it is in the womb or on Main Street.

### **Becoming a Part-time Legislature**

Senate Republicans are committed to downsizing government. This would be a big step in realizing that commitment. A part-time Legislature would return Michigan to a “citizen legislature” composed of “citizen politicians” as opposed to a “professional legislature” composed of “professional politicians.” It would also align our state with the majority of other states that have part-time legislatures. A part-time Legislature would eliminate certain perceived inefficiencies and excessive costs in the current lawmaking process and reduce state spending and not waste time on “unimportant” legislation. In general, a shorter session would mean less legislation — and that equals less government intervention.

### **Reforming Lawmakers’ Health Care Benefits**

Senate Republicans reintroduced legislation that would change the health care system for future elected officials to a graded system similar to that of new school employees. Constituents are demanding that the state adopt serious spending reforms. Bringing lawmakers’ benefits more in line with other state employees is an important step.

Senate Bill 133 creates a graduated health care system for new legislators. A lawmaker would receive 30 percent coverage at the end of four years of service with 6 percent being added to each year of additional service. The coverage maximizes at 90 percent after 14 years of service. After turning 55, they would be eligible for the retirement health care coverage, which becomes supplemental coverage when the individual is 65.

A companion measure, SB 132, applies the same graded health care system as SB 133 to new judges and appointed or elected officials. Officeholders subject to this reform include the governor, lieutenant governor, secretary of state, attorney general, and the legislative auditor general.

The two bills have been referred to the Senate Government Operations and Reform Committee for consideration.